

## **GUPTA DK & CO**

### **CHARTERED ACCOUNTANTS**

3507/6, 1<sup>ST</sup> Floor, Kirti Sadan, Pyare Lal Road, Karol Bagh, New Delhi-110005  
PHONE : 011-41545574, Mobile: - 9810007758  
Email: - dineshfca@gmail.com

## Independent Auditor's Report

To The members of  
Himachal Energy Private Limited  
Report on the Audit of the Ind AS Financial Statements

### Opinion

We have audited the accompanying standalone financial statements of **Himachal Energy Private Limited** ("the Company"), which comprise the standalone Balance Sheet as at March 31, 2021, and the standalone Statement of Profit and Loss (including other comprehensive income, Statement of changes in Equity and standalone statement of cash flows for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the **Companies Act, 2013** ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March, 31, 2021, and its profit/ loss and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the standards on Auditing (SAs) specified under section 143(10) of the Act, 2013. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India



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together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of financial statements of current period. These matters were addressed in the context of our audit of the financial statements as a whole, and forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key Audit matters	How the matter was addressed in our audit
<p><b>Revenue Recognition</b></p> <p>Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion in so far as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures with regard to revenue Recognition included testing controls, automated and manual, around dispatches/ deliveries, inventory recognitions and circularization of receivables balances, substantive testing for cut-offs and analytical review procedures.</p>
<p><b>Evaluation of Uncertain Tax Positions</b></p> <p>The Company operates in single jurisdiction and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business including indirect tax matters. These involve significant management judgment to determine the possible outcome of the uncertain tax positions, consequently having an impact on related accounting and disclosures in the consolidated statements.</p>	<p><b>Principal Audit Procedures</b></p> <p>Our audit procedures include the following substantive procedures :</p> <ul style="list-style-type: none"><li>• Obtained understanding of key uncertain tax positions; and</li></ul> <p>We along with our internal tax experts-</p> <ul style="list-style-type: none"><li>➤ Read and analyzed select key correspondence, external legal opinions/ consultations by management for key</li></ul>



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uncertain tax positions ;

- Discussed with appropriate senior management and evaluated management's underlying key assumptions in estimating the tax provisions; and
- Assessed management's estimate of the possible outcome of the disputed cases:

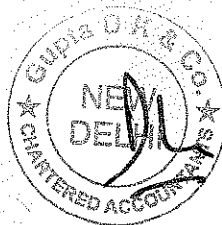
Information other than the financial statements and auditor's report thereon

The company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the company's annual report but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Responsibilities of Management and those charged with Governance for the Ind AS Financial Statements

The company's Board of Directors are responsible for the matter stated in section 134 (5) of the Companies Act, 2013 with respect to preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India , including the accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2015 (As amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Ind AS Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an



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auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and the Rules made there under, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial



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statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the "Annexure-A" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.



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- (A) As required by Section 143 (3) of the Act, we report that:
- We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - The Balance Sheet, the Statement of Profit and Loss including the statement of other comprehensive income, the Cash Flow Statement and statement of changes in equity dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with companies (Indian Accounting Standards) Rules 2015, as amended.
  - On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation give to us ;
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 38 to the Ind AS Financial Statements.



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- b) The company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses ; and
- c) There was no amount which was required which are required to be transferred to the Investor Education and Protection Fund by the company.

For M/s Gupta D K & Co.,

Chartered Accountants,

FRN: 037049N



Dinesh Kumar Gupta  
(Proprietor)

Membership No. 086824

UDIN: - 21086824AAAABM2439

Place: New Delhi

Date: - 21/06/2021





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Himachal Energy Private Limited

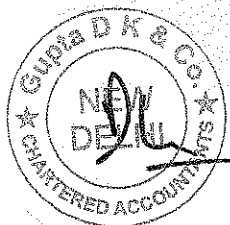
Annexure 'A' TO THE INDEPENDENT AUDITOR'S REPORT as at 31<sup>st</sup> March, 2021

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our Report of even date to the members of Himachal Energy Private Limited on the standalone financial statements of the company for the year ended 31<sup>st</sup> March, 2021]

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we report that:

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) As explained to us, fixed assets have been physically verified by the management during the year in accordance with a regular program of verification by the management which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings are freehold, are held in the name of the company as at the balance sheet date.
- (ii) In respect of its inventory:

As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (iii) According to the information and explanation given to us the Company has not granted any loans secured or unsecured to companies, firm, limited partnerships or other parties covered in register maintained under section 189 of the Companies Act 2013:
- (iv) In our opinion and according to the information and explanations given to us, the company has Compiled with the provisions of section 185 and 186 of the Act in respect of grant of Loans, making investments and providing guarantees and securities, as applicable
- (v) The company has not received any public deposits during the year.



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(vi) As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the Company.

(vii) In respect of statutory dues:

(a) According to the records of the company and information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, employees state insurance (ESI), Income-tax, , Service Tax, duty of custom, duty of excise, GST, Cess and other statutory dues applicable to it, to the appropriate authorities.

(b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, employees state insurance (ESI), Income-tax, Service Tax, GST, Cess and other statutory dues in arrears /were outstanding as at 31 March, 2021 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us by the management and records of the company examined by us, the particulars of dues of income tax, sales tax and Excise duty as at 31<sup>st</sup> March, 2021 which have not been deposited on account of dispute are given below :

Nature of the statue	Nature of dues	Financial year to which the matter pertains	Forum where the Dispute is pending	Amount (Rs. In lakhs)
PF	PF Demand	2011-16	EPF Appellate Tribunal	3.02

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loan or borrowing to banks. The company does not have any loans or borrowing from financial institutions or government and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us , the monies taken by way of term loan have been applied for the purposes for which they were obtained.

(x) In our opinion, and according to the information and the explanation given to us, all transactions with the related parties are in accordance with section 177 and 188 of the companies Act, 2013, and the details of the same has been disclosed in the financial statements as required by the accounting standards.

(xi) To the best of our knowledge and according to the information and explanations given to



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us, no fraud by the Company and no fraud on the Company by its officers and employees has been noticed or reported during the year.

- (xii) In our opinion and according to the information and explanations given to us the company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provision of Section 197 read with Schedule V of the Act.
- (xiii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the order is not applicable
- (xiv) In our opinion and according to the information and explanations given to us the company is in compliance of section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related parties transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xv) During the year the company has not made any preferential allotment or private placement of shares or fully or partly convertible debenture and hence reporting under clause 3 (XIV) of the order is not applicable to the company.
- (xvi) In our opinion, and according to the information and the explanation given to us, the company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvii) The company is not required to get registered under section 45-IA of the reserve Bank of India Act, 1934.

For M/s Gupta D K & Co.,

Chartered Accountants,

FRN: 037049N

  
Dinesh Kumar Gupta

(Proprietor)

Membership No. 086824

UDIN: - 21086824AAAABM2439

Place: New Delhi

Date: - 21/06/2021



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Himachal Energy Private Limited

Annexure 'B' TO THE INDEPENDENT AUDITOR'S REPORT as at 31<sup>st</sup> March, 2021

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Himachal Energy Private Limited of even date)

Report on the Internal Financial Controls Over financial Reporting under clause (i) of sub-section 3 of section 143 of the companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Himachal Energy Private Limited. ('the Company') as of March,31,2021 in conjunction with our audit of the Ind AS financial statement of the company for the year then ended as on that date.

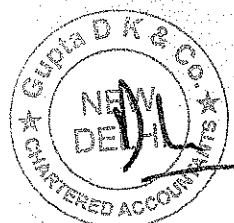
#### **Management's Responsibility for the Internal Financial Controls**

The Board of Directors of the company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of Internal control stated in the Guidance Note on Audit of Internal Financial Controls Over financial Reporting issued by the institute of Chartered Accountants of India ('the Guidance Note'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal financial controls over Financial Reporting ( The Guidance Note) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act 2013, to the extent applicable to an audit of internal financial controls . These Standards and the Guidance Note required that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our



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audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend of the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principles.

A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that , in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statement in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorization of the management and directors of the company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition , use , or disposition of the company's assets that could have a material effect on the financial statements.

**Internal Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitation of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting may become inadequate because of change in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion , to the best of our information and according to the explanations given to us, the company has ,in all material respects, an adequate internal financial Controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as



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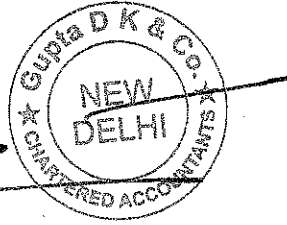
at March, 31, 2021, based on the internal components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountant of India.

M/s Gupta D K & Co.,

Chartered Accountants,

FRN: 037049N

  
Dinesh Kumar Gupta  
(Proprietor)



Membership No. 086824

UDIN: - 21086824AAAABM2439

Place: New Delhi

Date: - 21/06/2021

HIMACHAL ENERGY PVT LTD  
Balance Sheet as at 31st March 2021

(₹ in Lakhs)

Particulars	Notes	As at 31st March 2021	As at 31st March 2020
<b>ASSETS</b>			
<b>Non-Current Assets</b>	2	4,358.97	4,322.60
Property, plant and equipment		77.85	-
Capital work in progress	3	8.51	8.51
Financial assets	4	1,725.50	1,745.22
i. Loans		6,170.83	6,076.33
Deferred tax assets (Net)			
<b>Total non-current assets</b>			
<b>Current Assets</b>	6	1,607.21	1,697.76
Inventories	7	2,421.01	3,665.42
Financial assets	8	651.58	538.36
i. Trade receivables	9	473.69	518.68
ii. Cash and cash equivalents	10	292.24	191.82
iii. Bank balances other than (ii) above			
iv. Other financial assets	5	330.12	180.03
Other current assets		5,775.85	6,792.07
<b>Total current assets</b>		11,946.68	12,868.40
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	11	1,544.00	1,544.00
Equity share capital	12	4,505.57	4,295.41
Other equity		6,049.57	5,839.41
Other equity			
<b>Total equity</b>			
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>	13	2,088.39	2,110.30
Financial liabilities	14	54.26	46.70
i. Borrowings		2,142.65	2,157.00
Provisions			
<b>Total non-current liabilities</b>			
<b>Current Liabilities</b>	13	1,835.02	1,983.52
Financial liabilities	15	332.28	530.58
i. Borrowings		1,154.08	1,940.43
ii. Trade payables			
a) total outstanding dues of micro enterprises and small enterprises			
b) total outstanding dues of creditors other than micro enterprises and small enterprises	16	344.29	350.87
iii. Other financial liabilities	17	52.42	22.61
Current tax liabilities (Net)	18	5.69	9.59
Other current liabilities	14	30.68	34.39
Provisions		3,754.46	4,871.99
<b>Total current liabilities</b>		5,897.11	7,028.99
<b>Total liabilities</b>			
<b>Total equity and liabilities</b>		11,946.68	12,868.40

The accompanying notes are an integral part of financial statements

AS PER OUR REPORT OF EVEN DATE APPENDED TO THE BALANCE SHEET

For Gupta DK & Co.  
Chartered Accountants  
(Firm Registration No. : 037049N)

(Dinesh Kumar Gupta)  
(Proprietor)  
(M. No. 086824)  
Place : New Delhi  
Date : 21.06.2021



*Latit Seth*

Latit Seth  
Director  
DIN-00312007

*Aditi Sharma*  
Aditi Sharma  
Company Secretary  
M No. A39856

For and on behalf of Board

*Gautam Seth*

Gautam Seth  
Director  
DIN-00203405

*Neeraj Kumar*  
Neeraj Kumar  
Chief Financial Officer  
M No. 508653

UDIN: 21086824AAAA BM2439.

HIMACHAL ENERGY PVT LTD  
Statement of profit and loss for the year ended 31st March 2021

(₹ in Lakhs)

Particulars	Notes	Year ended 31st March 2021	Year ended 31st March 2020
I. Revenue from operations	19	5,900.84	8,532.28
II. Other income	20	59.41	74.45
III. Total income (I + II)		<b>5,960.25</b>	<b>8,606.73</b>
IV. Expenses:			
Cost of materials consumed	21	4,291.01	6,405.77
Changes in inventories of finished goods, work-in-progress	22	(172.35)	(179.14)
Employee Benefits Expense	23	376.78	478.00
Finance Cost	24	458.27	504.93
Depreciation and Amortization Expenses	25	309.76	261.15
Other Expenses	26	395.84	397.11
Total expenses		<b>5,659.31</b>	<b>7,867.82</b>
V. Profit before tax (III-IV)		300.94	738.91
VI. Income tax expense:			
(1) Current tax	27	67.65	139.82
(2) Deferred tax	27	20.67	76.36
VII. Profit for the year (VI-VII)		<b>212.62</b>	<b>522.73</b>
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement of post employment benefit obligations		(3.40)	(4.36)
Income tax relating to these items		0.95	1.21
Other comprehensive income for the year, net of tax		<b>(2.46)</b>	<b>(3.15)</b>
VIII. Total comprehensive income for the year		<b>210.16</b>	<b>519.58</b>
IX. Earnings per equity share of ₹10/- each:	28		
(1) Basic		1.38	3.39
(2) Diluted		1.38	3.39

The accompanying notes are an integral part of financial statements

AS PER OUR REPORT OF EVEN DATE APPENDED TO THE BALANCE SHEET  
For Gupta DK & Co.  
Chartered Accountants  
(Firm Registration No. : 037049N)

For and on behalf of Board

(Dinesh Kumar Gupta)  
(Proprietor)  
(M. No. 086824)



Place : New Delhi  
Date : 21.06.2021

*Lalit Seth*  
Lalit Seth  
Director  
DIN-00312007

*Gautam Seth*  
Gautam Seth  
Director  
DIN-00203405

*Aditi Sharma*  
Aditi Sharma  
Company Secretary  
M No. A39856

*Neeraj Kumar*  
Neeraj Kumar  
Chief Financial Officer  
M No. 508653

UDIN: 21086824AAAA BM2439



HIMACHAL ENERGY PVT LTD  
Cash Flow Statement For the year ended 31st March 2021

(₹ in Lakhs)

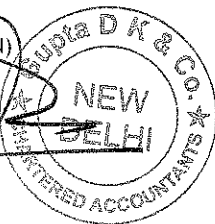
		Year ended 31st March, 2021	Year ended 31st March, 2020
<b>A. A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net Profit/ (Loss) before tax		300.94	738.91
Adjustments for :			
- Depreciation and amortisation Expenses		309.76	261.15
- Finance Expenses		458.27	504.93
- Interest Income		(59.03)	(65.42)
Operating profit before working capital changes		1,009.94	1,439.57
Adjustments for :			
Decrease/(Increase) in Trade receivables		1,244.41	(190.96)
Decrease/(Increase) in other financial assets		(250.51)	104.44
Decrease/(Increase) in Inventories		90.55	44.45
Decrease/(Increase) in non-current assets		-	98.54
Increase/(Decrease) in non-current liabilities		117.56	118.75
Increase/(Decrease) in Other financial liabilities		(17.60)	(205.39)
(Decrease)/increase in trade payables		(984.65)	(138.01)
Cash Generated from operations		1,209.70	1,271.39
- Taxes paid (net of refunds)		(37.84)	(116.71)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>A</b>	<b>1,171.86</b>	<b>1,154.68</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
- Purchase of property, plant and equipments		(423.98)	(355.31)
- Interest Income Received		59.03	65.42
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>B</b>	<b>(364.95)</b>	<b>(289.89)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
- Repayment of Working Capital Loan (Net)		(148.50)	(3.86)
- Repayment of term loan		(131.91)	(278.29)
- Finance Expenses		(458.27)	(504.93)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>C</b>	<b>(738.68)</b>	<b>(787.08)</b>
Net changes in cash & cash equivalents (A+B+C)		68.23	77.71
Cash & Cash equivalents - Opening balance		1,057.04	979.33
Cash & Cash equivalents - Closing Balance		1,125.27	1,057.04

The accompanying notes are an integral part of financial statements

As per our report of even date attached  
For Gupta DK & Co.  
Chartered Accountants  
(Firm Registration No. : 037849N)

For and on behalf of Board

(Dinesh Kumar Gupta)  
(Proprietor)  
(M. No. 086824)  
Place : New Delhi  
Date : 21.06.2021



*Lalit Seth*  
Lalit Seth  
Director  
DIN-00312007

*Gautam Seth*  
Gautam Seth  
Director  
DIN-00203405

*Aditi Sharma*  
Aditi Sharma  
Company Secretary  
M No. A39856

*Neeraj Kumar*  
Neeraj Kumar  
Chief Financial Officer  
M No. 508653

UDIN: 21086824AAAABN2439.

HIMACHAL ENERGY PVT LTD

Statement of changes in equity for the year ended 31st March 2021

I) Equity Share Capital

	Notes	Amounts
Balance as at 1st April 2019		1,544
Changes during the year	11	-
Balance as at 31st March 2020		1,544
Changes during the year	11	-
Balance as at 31st March 2021		1,544

II) Other equity

	Notes	General reserve	Retained earnings	Total
Balance as at 1st April 2019	12	1,217.00	2,558.83	3,775.83
Profit for the year			522.73	522.73
Other comprehensive income			(3.15)	(3.15)
Total comprehensive income		-	519.58	519.58
Balance as at 31st March 2020		1,217.00	3,078.41	4,295.41
Profit for the year			212.62	212.62
Other comprehensive income			(2.46)	(2.46)
Total comprehensive income		-	210.16	210.16
Balance as at 31st March 2021		1,217.00	3,288.57	4,505.57

The accompanying notes are an integral part of financial statements

AS PER OUR REPORT OF EVEN DATE APPENDED TO THE BALANCE SHEET

For Gupta DK & Co.  
Chartered Accountants  
(Firm Registration No. : 037049N)

(Dinesh Kumar Gupta)  
(Proprietor)  
(M. No. 086824)  
Place : New Delhi  
Date : 21.06.2021



UDIN : 21086824AAAABM2439

For and on behalf of Board

*(Signature)*

Laht Seth  
Director  
DIN-00312007

*(Signature)*  
Aditi Sharma  
Company Secretary  
M No. A39856

*(Signature)*

Gautam Seth  
Director  
DIN-00203405

*(Signature)*  
Neeraj Kumar  
Chief Financial Officer  
M No. 508653

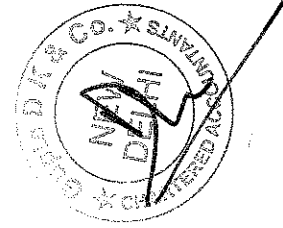
(₹ in Lakhs)

## 2. Property, plant and equipment

S.No.	Particulars	Gross Block			Accumulated Depreciation			Net Block		
		1st April 2020	Additions	Deletion / Adjustment	31st March 2021	1st April 2020	For the year	Deletion / Adjustment	31st March 2021	31st March 2021
1	Freehold Land	1,263.00	-	-	1,263.00	-	-	-	-	1,263.00
2	Building	662.00	-	-	662.00	167.71	41.93	-	209.63	452.37
3	Plant & Machinery	3,111.63	346.01	-	3,457.64	550.70	267.16	-	817.87	2,639.77
4	Office Equipment	1.90	-	(0.09)	1.81	0.40	0.27	(0.09)	0.57	1.24
5	Furniture & Fittings	3.55	0.08	-	3.63	1.07	0.30	-	1.37	2.26
6	Computers	0.86	0.04	-	0.89	0.46	0.10	-	0.56	0.33
	<b>Total (A)</b>	<b>5,042.93</b>	<b>346.13</b>	<b>(0.09)</b>	<b>5,388.97</b>	<b>720.34</b>	<b>309.76</b>	<b>(0.09)</b>	<b>1,030.00</b>	<b>4,358.97</b>

S.No.	Particulars	Gross Block			Accumulated Depreciation			Net Block		
		1st April 2019	Additions	Deletion / Adjustment	31st March 2020	1st April 2019	For the year	Deletion / Adjustment	31st March 2020	31st March 2020
1	Freehold Land	1,263.00	-	-	1,263.00	-	-	-	-	1,263.00
2	Building	662.00	-	-	662.00	125.78	41.93	-	167.71	494.29
3	Plant & Machinery	2,757.90	353.72	-	3,111.63	332.22	218.49	-	550.70	2,560.92
4	Office Equipment	0.31	1.59	-	1.90	0.08	0.32	-	0.40	1.50
5	Furniture & Fittings	3.55	-	-	3.55	0.77	0.30	-	1.07	2.48
6	Computers	0.86	-	-	0.86	0.33	0.13	-	0.46	0.39
	<b>Total (A)</b>	<b>4,687.62</b>	<b>355.31</b>	<b>-</b>	<b>5,042.93</b>	<b>459.18</b>	<b>261.15</b>	<b>-</b>	<b>720.34</b>	<b>4,322.60</b>

a) Refer note 13 for information on property, plant &amp; equipment pledged as security by the Company



## 3 Loans

(₹ in Lakhs)

(Unsecured, considered good)

Particulars	Non-current	
	As at 31st March 2021	As at 31st March 2020
Security Deposits	8.51	8.51
<b>Total</b>	<b>8.51</b>	<b>8.51</b>

## 4 Deferred Tax Assets

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
The balance comprises temporary differences attributable to:		
Provision for employee benefits	26.72	25.55
Provision for doubtful debts	181.85	181.85
Property, plant and equipment	(30.42)	(29.65)
Others	98.09	98.09
MAT credit	1,449.26	1,469.38
<b>Total deferred tax assets</b>	<b>1,725.50</b>	<b>1,745.22</b>

## Movement in deferred tax assets

Particulars	Provision for employee benefits	Provision for doubtful debts	Property, plant and equipment	Total
At 1st April 2019	21.95	181.85	(10.30)	193.50
(Charged)/credited:				
- to profit or loss	4.81	-	(19.35)	(14.54)
- to other comprehensive income	(1.21)	-	-	(1.21)
At 31st March 2020	25.55	181.85	(29.65)	177.75
(Charged)/credited:				
- to profit or loss	2.12	-	(0.77)	1.35
- to other comprehensive incomes	(0.95)	-	-	(0.95)
At 31st March 2021	26.72	181.85	(30.42)	178.15

Particulars	Others	MAT credit	Total
At 1st April 2019	98.09	1,528.78	1,626.87
(Charged)/credited:			
- to profit or loss	-	(59.40)	(59.40)
- to other comprehensive income	-	-	-
At 31st March 2020	98.09	1,469.38	1,567.47
(Charged)/credited:			
- to profit or loss	-	(20.12)	(20.12)
- to other comprehensive incomes	-	-	-
At 31st March 2021	98.09	1,449.26	1,547.35



## HIMACHAL ENERGY PVT LTD

Notes forming part of the financial statements as at and for the period ended 31st March 2021

## 5 Other current assets

Particulars	Non-current		Current	
	As at	As at	As at	As at
	31st March 2021	31st March 2020	31st March 2021	31st March 2020
Prepaid Expenses	-	-	37.65	34.19
Balance with government authorities	-	-	164.44	130.52
Other Advances	-	-	128.03	15.32
<b>Total</b>	-	-	<b>330.12</b>	<b>180.03</b>

## 6 Inventories

Particulars	(₹ in Lakhs)	
	As at	As at
	31st March 2021	31st March 2020
a. Raw Materials and components		
(i) Raw materials	739.73	1,005.57
(ii) Material-in-transit	24.76	20.35
b. Work-in-progress	763.13	640.12
c. Finished goods	74.12	24.78
d. Stores and spares	5.47	6.94
<b>Total</b>	<b>1,607.21</b>	<b>1,697.76</b>

## 7 Trade Receivables

Particulars	(₹ in Lakhs)	
	As at	As at
	31st March 2021	31st March 2020
Other receivables		
(i) Considered good*	2,421.01	3,665.42
(ii) Considered doubtful	549.81	549.81
Less: Provision for doubtful receivables	2,970.82 (549.81)	4,215.23 (549.81)
<b>Total</b>	<b>2,421.01</b>	<b>3,665.42</b>

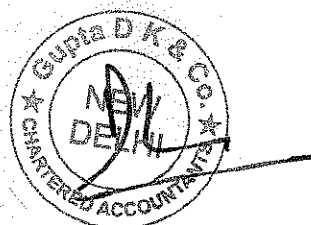
\* includes Rs Nil/- from companies where directors are interested (31st March 20 : Rs Nil)

## 8 Cash and Cash Equivalents

Particulars	(₹ in Lakhs)	
	As at	As at
	31st March 2021	31st March 2020
Cash and Cash Equivalents		
Balances with banks	615.67	490.97
Cash on hand	35.91	47.39
<b>Total</b>	<b>651.58</b>	<b>538.36</b>

## 9 Other Bank Balances

Particulars	(₹ in Lakhs)	
	As at	As at
	31st March 2021	31st March 2020
Balances with Banks held as Margin Money	473.69	518.68
<b>Total</b>	<b>473.69</b>	<b>518.68</b>



## 10 Other financial assets

Particulars	(₹ in Lakhs)	
	Current	
	As at 31st March 2021	As at 31st March 2020
Earnest money deposit	292.24	191.82
<b>Total</b>	<b>292.24</b>	<b>191.82</b>

## 11 Share Capital

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As At 31st March 2020
<b>(a) Authorised</b>		
15,500,000 Equity Shares of Rs 10/- each (31st March 2020, 15,500,000 Equity Shares of Rs 10/- each)	1,550.00	1,550.00
11,000,000, 10% Cumulative Compulsorily Redeemable Preference Shares, 31st March 2021, (11,000,000, 10% Cumulative Compulsorily Redeemable Preference Shares, 31st March 2020)	1,100.00	1,100.00
	2,650.00	2,650.00
<b>(b) Issued, Subscribed &amp; Paid Up</b>		
15,440,000 Equity shares of Rs 10/- each Fully paid-up (31st March 2020 -15,440,000 Equity Shares of Rs 10/- each fully paid up)	1,544.00	1,544.00
<b>Total</b>	<b>1,544.00</b>	<b>1,544.00</b>

## (b) Reconciliation of share capital at the beginning and close of the accounting year :-

Particulars	(₹ in Lakhs)			
	As at 31st March 2021		As At 31st March 2020	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	154.40	1,544.00	154.40	1,544.00
Shares issued during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>154.40</b>	<b>1,544.00</b>	<b>154.40</b>	<b>1,544.00</b>

## (c) Rights, Preferences and Restrictions attached to the shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares are entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing annual general meeting. In the event of liquidation of the company, the holders of equity shares are entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## (d) Equity Shareholders holding in the Company :-

Name of Shareholder	As at 31st March 2021		As At 31st March 2020	
	No. of Equity Shares held	% of Holding	No. of Equity Shares held	% of Holding
HPL Electric and Power Ltd.	15,000,000	97.15	15,000,000	97.15



## 12 Reserve &amp; surplus

## (a) General Reserve

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Opening Balance	1,217.00	1,217.00
(+) Current Year Transfer	-	-
Closing Balance	1,217.00	1,217.00

## (b) Retained earnings

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Opening balance	3,078.41	2,558.83
(+) Net Profit/(Loss) For the current year	212.62	522.73
<i>Items of other comprehensive income recognised directly in retained earnings</i>		
- Remeasurements of post-employment benefit obligation, net of tax	(2.46)	(3.15)
Closing Balance	3,288.57	3,078.41
<b>Total Reserves &amp; Surplus (a+b)</b>	<b>4,505.57</b>	<b>4,295.41</b>

## 13 Borrowings

(₹ in Lakhs)

Particulars	Non-current		Current	
	As at 31st March 2021	As at 31st March 2020	As at 31st March 2021	As at 31st March 2020
11,000,000,10% Cumulative Compulsorily Redeemable Preference Shares	1,705.00	1,595.00	-	-
-Secured Loans				
- From Banks	383.39	515.30	1,835.02	1,983.52
<b>Total</b>	<b>2,088.39</b>	<b>2,110.30</b>	<b>1,835.02</b>	<b>1,983.52</b>

The term loan is secured as per the below note of working capital loan. The loan is repayable in 48 equal quarterly installments, starting from 2nd February, 2019 and have maturity date of 2nd May, 2023 and interest is linked with MCLR + spread.

Working capital facilities are availed from consortium of banks led by State Bank of India. The lead bank has linked its interest rate with 6 Month MCLR + spread of 2% p.a. and are repayable on demand.

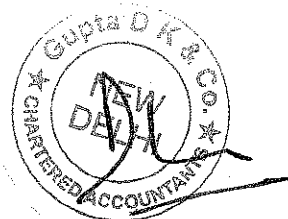
Working capital facilities (fund based and non fund based) are secured by way of first pari-passu charge over entire current assets of the company including stocks and receivables both present and future and first charge on pari-passu basis with working capital lenders and term lender over Company's entire fixed assets (both present and future) including EM of factory land & building situated at Jabli, Himachal Pradesh and also secured by personal guarantees of two promoter directors.

## Net Debt Reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Cash and cash equivalents	1,125.27	1,057.04
Long term borrowings	(2,088.39)	(2,110.30)
Short term borrowings	(1,835.02)	(1,983.52)
<b>Net debt</b>	<b>(2,798.14)</b>	<b>(3,036.78)</b>



HIMACHAL ENERGY PVT LTD

Notes forming part of the financial statements as at and for the period ended 31st March 2021

	Cash and cash equivalents	Non Current Borrowings	Current Borrowings	Total
Net debt as at 1st April 2019	979.32	(2,278.59)	(1,987.38)	(3,286.65)
Cash flows	77.72	-	-	77.72
Proceeds from working capital loan	-	278.29	-	278.29
Interest accrued	-	(110.00)	-	(110.00)
Repayment of working capital loan	-	-	3.86	3.86
Net debt as at 31st March 2020	1,057.04	(2,110.30)	(1,983.52)	(3,036.78)
Cash flows	68.23	-	-	68.23
Proceeds from term loan	-	-	-	-
Interest accrued	-	(110.00)	-	(110.00)
Repayment of working capital loan	-	131.91	148.50	280.41
Net debt as at 31st March 2021	1,125.27	(2,088.39)	(1,835.02)	(2,798.14)

Utilised amount of bank guarantees (performance and bid bonds) as at 31st March 2021 : ₹ 3,868.66 Lakhs (PY : ₹ 4,448.00 Lakhs)

14 Provisions

(₹ in Lakhs)

Particulars	Non-current		Current	
	As at 31st March 2021	As at 31st March 2020	As at 31st March 2021	As at 31st March 2020
(a) Provision for employee benefits				
Gratuity	54.26	46.70	11.73	6.97
Leave Encashment	-	-	18.95	27.42
Total	54.26	46.70	30.68	34.39

15 Trade Payables

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Trade Payables		
(a) Due to Micro and Small Enterprises under MSMED Act, 2006* (Refer note 32)	332.28	530.58
(b) Trade Payable-Raw material	1,154.08	1,940.43
(b) Others		
Total	1,486.36	2,471.01

\* includes Rs. 574.38 to holding company (31 March 20 : Rs 1,368.42 Lakh)

16 Other financial liabilities

(₹ in Lakhs)

Particulars	Current	
	As at 31st March 2021	As at 31st March 2020
Current maturities of long-term debt	278.29	250.00
Expenses Payable	30.27	50.92
Employee Benefits Payable	35.73	49.95
Total	344.29	350.87





HIMACHAL ENERGY PVT LTD

Notes forming part of the financial statements as at and for the period ended 31st March 2021

(₹ in Lakhs)

17 Provision for Income tax

Particulars	As at 31st March 2021	As at 31st March 2020
Provision for Income tax (Net of taxes)	52.42	22.61
<b>Total</b>	<b>52.42</b>	<b>22.61</b>

18 Other Current Liabilities

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Statutory dues payable	5.69	9.59
<b>Total</b>	<b>5.69</b>	<b>9.59</b>

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## 19 Revenue From Operations

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Sale of Products Finished Goods	5,900.84	8,532.28
<b>Total</b>	<b>5,900.84</b>	<b>8,532.28</b>

## 20 Other Income

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Interest income from financial assets at amortised cost	59.03	65.42
Others	0.38	9.03
<b>Total</b>	<b>59.41</b>	<b>74.45</b>

## 21 Particulars of Raw Materials Consumed

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Electronic Components	2,226.39	3,827.42
Engineering Plastic	937.25	877.88
Packing	63.83	80.16
Others	1,063.54	1,620.31
<b>Total</b>	<b>4,291.01</b>	<b>6,405.77</b>

## 22 Changes in Inventories of Finished Goods and Work-in-Progress

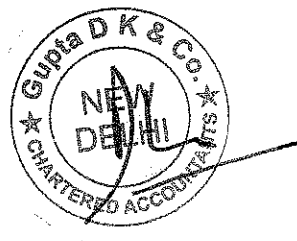
(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Inventories (at close)		
Finished Goods	74.12	24.78
Work-in-Progress	763.13	640.12
	<b>837.25</b>	<b>664.90</b>
Inventories (at commencement)		
Finished Goods	24.78	111.57
Work-in-Progress	640.12	374.19
	<b>664.90</b>	<b>485.76</b>
<b>Total</b>	<b>(172.35)</b>	<b>(179.14)</b>

## 23 Employee Benefits Expense

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Salaries and wages	330.45	423.24
Contribution to provident and other funds	19.93	29.98
Staff welfare expenses	26.40	24.78
<b>Total</b>	<b>376.78</b>	<b>478.00</b>



## 24 Finance Cost

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Interest expenses	268.79	302.05
Interest expense on financial liabilities measured at amortized cost	110.00	110.00
Other borrowing costs- Bank Charges	79.48	92.88
<b>Total</b>	<b>458.27</b>	<b>504.93</b>

## 25 Depreciation and Amortization Expenses

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Depreciation on property, plant and equipment	309.76	261.15
<b>Total</b>	<b>309.76</b>	<b>261.15</b>

## 26 Other Expenses

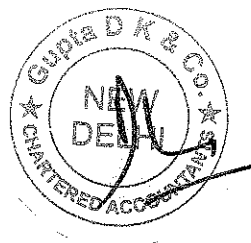
(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Power and Fuel	59.74	63.37
Job Work Charges	127.12	95.75
Rent	-	0.66
Repairs & Maintenance	48.55	69.87
Testing Expenses	48.43	23.39
Rates and taxes excluding taxes on income	17.65	24.22
Legal & Professional Expenses	8.70	7.92
Travelling & Conveyance	9.36	13.28
Communication Expenses	0.81	0.83
Printing & Stationery	1.20	1.50
Insurance	11.63	9.42
Membership & Subscription	1.89	2.69
Advertisement and business promotion	0.03	0.51
Commission on sales	14.87	56.74
Freight Outward	28.86	25.69
Contribution towards corporate social responsibility	16.00	-
Auditors remuneration	1.00	0.95
Miscellaneous Expenses	-	0.32
<b>Total</b>	<b>395.84</b>	<b>397.11</b>

## 26a) Detail of payment to auditors

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
Audit Fees	0.80	0.80
Tax Audit Fees	0.20	0.15
<b>Total</b>	<b>1.00</b>	<b>0.95</b>



## 26b) Corporate social responsibility expenditure

As per the provisions of Section 135 of the Companies Act, 2013, the Company has to provide 2% of average net profits of preceding 3 financial years towards Corporate Social Responsibility (CSR). Accordingly, a CSR Committee has been formed for carrying out CSR activities as per Schedule VII of the Companies Act, 2013.

(₹ in Lakhs)

Details of CSR Expenditure	Year ended 31st March 2021	Year ended 31st March 2020
a) Gross amount required to be spent by the Company during the year	15.25	16.21
b) Amount spent during year ended 31st March 2021	-	-
Construction/acquisition of an asset	-	-
Contribution to other purpose other than above	16.00	-
(Excess)/Unspent Amount	(0.75)	16.21

## 27 Income tax expense

(₹ in Lakhs)

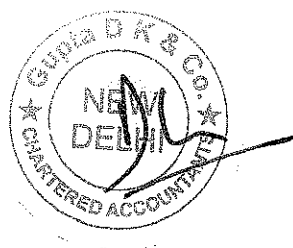
Particulars	Year ended 31st March 2021	Year ended 31st March 2020
<b>Current tax</b>		
Current tax on profits for the year	67.65	139.82
<b>Total current tax expense</b>	<b>67.65</b>	<b>139.82</b>
<b>Deferred tax</b>		
Deferred tax expense/(income) for the period	0.55	16.96
MAT credit entitlement/Setoff	20.12	59.40
<b>Total deferred tax expense/(benefit)</b>	<b>20.67</b>	<b>76.36</b>
<b>Income tax expense</b>	<b>88.32</b>	<b>216.18</b>

(a) Reconciliation of tax expense and the accounting profit	Year ended 31st March 2021	Year ended 31st March 2020
Profit before income tax expense	300.94	738.91
Tax at the Indian tax rate of 27.82% (31st March 2020 - 27.82%)	83.72	205.57
<b>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</b>		
Amortisation of intangibles	-	-
Corporate social responsibility expenditure	-	-
Interest due on Preference Shares	30.60	30.60
Other items	(26.00)	(19.99)
<b>Income tax expense</b>	<b>88.32</b>	<b>216.18</b>

## 28 Earnings per share

(₹ in Lakhs)

Particulars	Year ended 31st March 2021	Year ended 31st March 2020
(i) Profit after tax	212.62	522.73
Balance available for equity shareholder's	212.62	522.73
(ii) Weighted average number of equity shares for basic EPS	154.40	154.40
(iii) Weighted average number of equity shares for dilutive EPS	154.40	154.40
(iv) Nominal value per Equity Shares	10.00	10.00
(v) Earning Per Share (Basic)	1.38	3.39
(vi) Earning Per Share (Dilutive)	1.38	3.39



## 29 Fair value measurements

Financial instruments by category		(₹ in Lakhs)		
Particulars	31st March 2021		31st March 2020	
	FVTPL	Amortised cost	FVTPL	Amortised cost
<b>Financial assets</b>				
Trade receivables	-	2,421.01	-	3,665.42
Loans	-	8.51	-	8.51
Cash and Bank Balances	-	651.58	-	538.36
Other bank balances	-	473.69	-	518.68
Other Financial Assets	-	292.24	-	191.82
<b>Total financial assets</b>	-	<b>3,847.03</b>	-	<b>4,922.79</b>
<b>Financial liabilities</b>				
Borrowings	-	3,923.41	-	4,093.82
Trade payables	-	1,486.36	-	2,471.01
Other Financial Liabilities	-	344.29	-	350.87
<b>Total financial liabilities</b>	-	<b>5,754.06</b>	-	<b>6,915.70</b>

## (i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath.

Assets and liabilities which are measured at amortised cost				(₹ in Lakhs)
Particulars	Level 1	Level 2	Level 3	Total
<b>As at March 31, 2021</b>				
<b>Financial assets</b>				
Trade receivables	-	-	2,421.01	2,421.01
Loans	-	-	8.51	8.51
Cash and Bank Balances	-	-	651.58	651.58
Other bank balances	-	-	473.69	473.69
Other Financial Assets	-	-	292.24	292.24
<b>Total financial assets</b>	-	-	<b>3,847.03</b>	<b>3,847.03</b>
<b>Financial liabilities</b>				
Borrowings	-	-	3,923.41	3,923.41
Trade payables	-	-	1,486.36	1,486.36
Other Financial Liabilities	-	-	344.29	344.29
<b>Total financial liabilities</b>	-	-	<b>5,754.06</b>	<b>5,754.06</b>
<b>As at March 31, 2020</b>				
<b>Financial assets</b>				
Trade receivables	-	-	3,665.42	3,665.42
Loans	-	-	8.51	8.51
Cash and Bank Balances	-	-	538.36	538.36
Other bank balances	-	-	518.68	518.68
Other Financial Assets	-	-	191.82	191.82
<b>Total financial assets</b>	-	-	<b>4,922.79</b>	<b>4,922.79</b>



Financial liabilities	-	-	4,093.82	4,093.82
Borrowings	-	-	2,471.01	2,471.01
Trade payables	-	-	350.87	350.87
Other Financial Liabilities	-	-		
<b>Total financial liabilities</b>	-	-	<b>6,915.70</b>	<b>6,915.70</b>

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example foreign exchange forward contracts) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There are no transfer of levels during the year.

As of 31st March 2021, 31st March 2020, the fair value of cash and bank balances, trade receivables, loans, other current financial assets and liabilities, borrowings, trade payables approximate their carrying amount largely due to the short term nature of these instruments.

For other financial assets and liabilities that are measured at amortised cost, the carrying amounts approximate the fair value.

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**30 Financial risk management**

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to provide finance to the Company to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management ensures that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

**(A) Credit risk**

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned through government customers and other corporate customers. The Company has used the expected credit loss model to assess the impairment loss or gain on trade receivables and unbilled revenue, and has provided it wherever appropriate. The following table gives the movement in allowance for expected credit loss for the year ended 31 March, 2021:

Movement in expected credit loss allowance on trade receivable:

Particulars	₹ in Lakhs	
	31st March 2021	31st March 2020
At the beginning of year	549.81	549.81
Provision during the year	-	-
Bad debts written off	-	-
Reversal of provision	-	-
<b>Total ECL</b>	<b>549.81</b>	<b>549.81</b>

**(B) Liquidity risk**

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's objective is to at all times maintain optimum levels of liquidity to meet its cash and liquidity requirements. The Company closely monitors its liquidity position and maintains adequate source of financing through the use of short term bank deposits and cash credit facility. Processes and policies related to such risks are overseen by senior management.

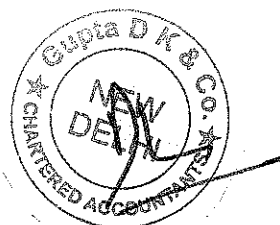
**(i) Maturities of financial liabilities**

The table below provides details regarding the contractual maturities of significant financial liabilities:

Contractual maturities of financial liabilities: (undiscounted)				₹ in Lakhs
Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>31st March 2021</b>				
Borrowings	1,835.02	-	2,088.39	3,923.41
Trade payables	1,486.36	-	-	1,486.36
Other financial liabilities	344.29	-	-	344.29
<b>Total</b>	<b>3,665.67</b>	<b>-</b>	<b>2,088.39</b>	<b>5,754.06</b>
<b>31st March 2020</b>				
Borrowings	1,983.52	-	2,110.30	4,093.82
Trade payables	2,471.01	-	-	2,471.01
Other financial liabilities	350.87	-	-	350.87
<b>Total</b>	<b>4,805.40</b>	<b>-</b>	<b>2,110.30</b>	<b>6,915.70</b>

**(C) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at 31st March 2020. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, pension obligation and other post-retirement obligations; provisions; and the nonfinancial assets and liabilities. The sensitivity of the relevant Profit and Loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31st March 2021



(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. There are no significant borrowings on the financial statements. Hence, there is no significant concentration of interest rate risk.

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(₹ in Lakhs)

Particulars	Impact on profit after tax	
	31st March 2021	31st March 2020
Interest rate (increase by 100 basis points)*	(39.23)	(40.94)
Interest rate (decrease by 100 basis points)*	39.23	40.94

\* Holding other variables constant

(ii) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the trade payables. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows

(₹ in Lakhs)

Particulars	March 31, 2021		March 31, 2020	
	Foreign currency	Indian Rupee	Foreign currency	Indian Rupee
<u>Trade payables</u>				
United States Dollar (USD)	1.68	124.46	-	-
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>1.68</b>	<b>124.46</b>	<b>-</b>	<b>-</b>

Sensitivity

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjust their translation for the period end for 1% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupees 1% against the relevant currency. For a 1% weakening of the Rs. against relevant currency, there would be a comparable impact on the profits or equity, and the balances below would be negative.

(₹ in Lakhs)

Particulars	Impact on profit after tax	
	31st March 2021	31st March 2020
USD sensitivity		
INR/USD - Increase by 1%*	0.02	-
INR/USD - Decrease by 1%*	(0.02)	-

\* Holding other variables constant

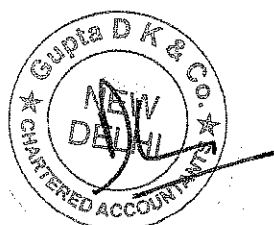
31 Capital management

For the purposes of the Company's capital management, Capital includes equity attributable to the equity holders of the Company and all other equity reserves. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and maximize shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March 2021.

The Company monitors capital using net debt to equity ratio, which is net debt (as reduced by Cash and Cash Equivalent) divided by total equity.

(₹ in Lakhs)

	31st March 2021	31st March 2020
Borrowings	3,923.41	4,093.82
Cash and Bank Balances	(1,125.27)	(1,057.04)
<b>Net debt</b>	<b>2,798.14</b>	<b>3,036.78</b>
<b>Equity</b>	<b>6,049.57</b>	<b>5,839.41</b>
<b>Net debt to equity ratio</b>	<b>46.25%</b>	<b>52.00%</b>





HIMACHAL ENERGY PVT LTD

Notes forming part of the financial statements as at and for the period ended 31st March 2021

32 Information as required to be furnished as per section 22 of Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended 31st March 2021 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the company.

- Principal amount and the interest due thereon remaining unpaid to any supplier at the year ended 31st March 2021, Rs. 332.28/- (31st March 2020 Rs 530.58/-)
- Amount of interest paid by the Company in terms of Section 16 of the MSMED, along with the amount of the payment made to the beyond the appointed day during the year ended 31st March 2021 - Nil, (31st March 2020 : Nil,)
- Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under the MSMED - 31st March 2021 - Nil, (31st March 2020 : Nil)
- Amount of interest accrued and remaining unpaid at the end of the year ended 31st March 2021 - Nil, (31st March 2020 : Nil)

33 Employee benefit obligations

Disclosures pursuant to Ind AS-19 "Employee Benefits"(specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are given below :

a) Defined contribution Plans

Contribution to defined contribution plan, recognised as expense for the year ending 31st March 2021 are as under:

(₹ in Lakhs)

Particulars	As at 31st March 2021	As at 31st March 2020
Employer's contribution to Provident Fund	16.22	23.59
Employer's contribution to ESI	3.70	6.39
<b>Total</b>	<b>19.92</b>	<b>29.98</b>

b) Defined Benefit Plans

The following tables summaries the components of net benefit expense recognised in the statement of profit or loss and amounts recognised in the balance sheet for the respective plans:

(₹ in Lakhs)

i) Reconciliation of opening and closing balances of Defined Benefit Obligation - Gratuity (Non Funded)

	As at 31st March 2021	As at 31st March 2020
Defined Benefit obligation at beginning of the year	53.66	43.48
Current Services Cost	7.47	7.06
Interest Cost	3.76	3.04
Actuarial (gain)/loss	3.40	4.36
Benefit paid	(2.31)	(4.28)
Remeasurement of (Gain)/loss recognised in other comprehensive income		
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	-	-
Actuarial changes arising from changes in experience adjustments	3.40	4.36
<b>Defined Benefit obligation at the year end</b>	<b>65.98</b>	<b>53.66</b>

Net defined benefit asset/ (liability) recognised in the balance sheet	As at 31st March 2021	As at 31st March 2020
Present value of defined benefit obligation	65.98	53.66
<b>Amount recognised in Balance Sheet- Asset / (Liability)</b>	<b>65.98</b>	<b>53.66</b>



(₹ in Lakhs)

ii) Net defined benefit expense (Recognised in the Statement of profit and loss for the year)	Year ended 31st March 2021	Year ended 31st March 2020
Current Service Cost	7.47	7.06
Interest Cost	3.76	3.04
<b>Recognised in the Statement of profit and loss for the year</b>	<b>11.22</b>	<b>10.10</b>

(₹ in Lakhs)

iii) Remeasurement of (Gain)/loss recognised in other comprehensive income	Year ended 31st March 2021	Year ended 31st March 2020
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	-	-
Actuarial changes arising from changes in experience adjustments	3.40	4.36
<b>Recognised in other comprehensive income</b>	<b>3.40</b>	<b>4.36</b>

(₹ in Lakhs)

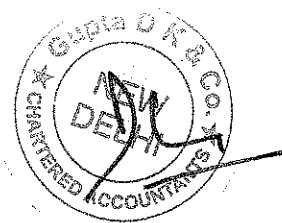
iv) Actuarial Assumption	Year ended 31st March 2021	Year ended 31st March 2020
Rate of escalation in salary (p.a.)	5% p.a.	5% p.a.
Mortality	IALM 2012-14	IALM 2006-08
Withdrawal Rate (p.a.)	5% p.a.	2-5% p.a.

(₹ in Lakhs)

v) Quantitative sensitivity analysis for significant assumptions is asbelow:	Year ended 31st March 2021	Year ended 31st March 2020
Increase / (decrease) on present value of defined benefits obligations at the end of the year:		
<b>Discount Rate</b>		
Increase by 1%	60.55	48.92
Decrease by 1%	72.39	59.27
<b>Salary Increase</b>		
Increase by 1%	72.46	59.32
Decrease by 1%	60.40	48.80
<b>Attrition Rate</b>		
Increase by 1%	66.94	54.45
Decrease by 1%	64.89	52.75

(₹ in Lakhs)

vi) Maturity profile of defined benefit obligation (undiscounted)	Year ended 31st March 2021	Year ended 31st March 2020
Within the next 12 months (next annual reporting period)	11.73	6.97
Between 2 and 5 years	5.47	4.15
Between 5 and 10 years	48.78	42.54
<b>Total expected payments</b>	<b>65.98</b>	<b>53.66</b>



- vii) The average duration of the defined benefit plan obligation at the end of the reporting period is 17 years (31st March 2020: 21 years)
- viii) The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.
- ix) The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

### 34 Segment Reporting

The segment reporting of the Company has been prepared in accordance with Ind AS-108, "Operating Segment" (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015). For management purposes, the Company's operating businesses are organised and managed separately according to the types of products/services provided. The identified reportable segment are implementation of projects and manufacturing of energy meters. Segment information is disclosed as under :-

a) The Board of Directors monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of the nature of product / services and have been identified as per the quantitative criteria specified in the Ind AS.

b) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relate to enterprise as a whole and are not allocable to a segment on reasonable basis have been disclosed as "Others".

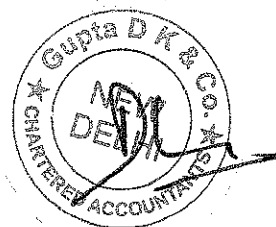
c) Segment assets and segment liabilities represent assets and liabilities in respective segments. tax related assets, borrowings and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Others".

d) There is no transfer of products between operating segments.

e) There are two customers having revenue exceeding 10% of total revenues. Metering segment two customer account for 24.78 Cr and 8.39 Cr out of total revenue.

#### Summary of segment information:

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	As at 31st March 2020
<b>Revenue</b>		
Segment Revenue (Gross)		
Metering	5,900.84	8,532.28
Projects	-	-
	<b>5,900.84</b>	<b>8,532.77</b>
<b>Result</b>		
Segment Result		
Metering	770.80	1,262.15
Projects	-	(6.43)
	<b>770.80</b>	<b>1,255.72</b>
Unallocable expenses	11.59	11.88
<b>Operating Profit</b>	<b>759.21</b>	<b>1,243.84</b>
Interest Expenses	458.27	504.93
<b>Profit Before Tax</b>	<b>300.94</b>	<b>738.91</b>
Tax expenses	88.32	216.18
<b>Profit After Tax</b>	<b>212.62</b>	<b>522.73</b>



<b>Other Information</b>		
<b>Segment Assets</b>		
Metering	10,051.56	10,964.28
Projects	117.21	79.05
Unallocable	1,777.91	1,825.07
	<b>11,946.68</b>	<b>12,868.40</b>
<b>Segment Liabilities</b>		
Metering	3,448.44	4,377.75
Projects	230.26	95.17
Others	2,218.41	2,556.07
	<b>5,897.11</b>	<b>7,028.99</b>
<b>Capital Expenditure</b>		
Metering	346.13	355.31
Projects	-	-
	<b>346.13</b>	<b>355.31</b>
<b>Depreciation</b>		
Metering	309.76	261.15
Projects	-	-
	<b>309.76</b>	<b>261.15</b>
<b>Segment Revenue</b>		
The following is the distribution of company's revenue by geographical market		
Domestic Market	5,900.84	8,532.28
Overseas Market	-	-
	<b>5,900.84</b>	<b>8,532.28</b>

**35 Related party transactions**

The related parties as per the terms of Ind AS-24, "Related Party Disclosures", (specified under section 133 of the Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2015) are disclosed below:-

a) Name of related parties with whom transactions made during the year and description of relationship:

**A) Holding company:**

1. HPL Electric & Power Ltd

**(B) Entities in which directors are interested:**

- |                              |                                |
|------------------------------|--------------------------------|
| 1. Seth Inder Narain Trust   | 2. HPL India Ltd               |
| 3. HPL Power Corporation Ltd | 4. Havells Electronics Pvt Ltd |
| 5. Jesons Impex Pvt Ltd      | 6. Amerex Pvt Ltd              |
| 7. Havells Pvt Ltd           |                                |

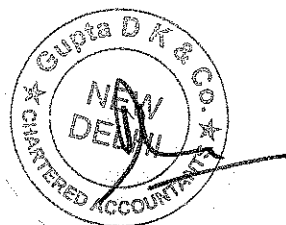
**C) Key Management Personnel:**

- |                     |                     |
|---------------------|---------------------|
| 1. Shri Lalit Seth  | 2. Sh. Rishi Seth   |
| 3. Shri Gautam Seth | 4. Mr. Neeraj Kumar |
| 5. Aditi Sharma*    |                     |

\* Appointed as Company Secretary w.e.f 01.10.2020

**D) Relatives of Key Management Personnel**

- |                      |                   |
|----------------------|-------------------|
| 1. Mrs. Praveen Seth | 2. Mrs Pooja Seth |
| 3. Mrs Vani Seth     |                   |



b) Summary of transactions during the year

Particulars	(₹ in Lakhs)	
	Year ended 31st March 2021	Year ended 31st March 2020
<b>Purchase of goods</b>		
1. HPL Electric & Power Ltd	2,681.39	2,781.33
<b>Sale of goods</b>		
1. HPL Electric & Power Ltd	729.75	673.35
<b>Remuneration to key management personnels</b>		
1. Neeraj Kumar	20.43	19.04
2. Aditi Sharma*	3.96	-

\* Appointed as Company Secretary w.e.f 01.10.2020

c) Summary of outstanding balances with the above states related parties for the respective years are given below:

Particulars	(₹ in Lakhs)	
	Year ended 31st March 2021	Year ended 31st March 2020
<b>Trade payables</b>		
1. HPL Electric and Power Ltd	574.38	1,368.42
<b>Financial liability</b>		
11,000,000, 10% Cumulative Compulsorily Redeemable Preference Shares		
Mr Lalit Seth	596.75	558.25
Mr Praveen Seth	426.25	398.75
Mr Rishi Seth	341.00	319.00
Mr Gautam Seth	341.00	319.00

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables or payables. The Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

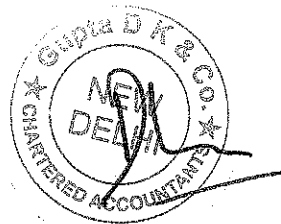
36 Assets taken under Lease

Operating Lease

Office premises are taken on operating lease. There is no contingent rent in the lease agreements. The lease agreements are for 1-3 years and are renewable at the mutual agreement of both the parties. There is no escalation clause in the lease agreement.

Finance Lease

Company has not made any significant leasing arrangements in respect of finance lease. Therefore, the accounting standard (AS-19), 'Leases' is not applicable for reporting finance lease to the company.



37 Capital Commitment

Particulars	(₹ in Lakhs)	
	As at 31st March 2021	Year ended 31st March 2020
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advance )	Nil	Nil

38 Contingent Liabilities

- a) PF demand raised for the period July 2011 to January 2016 amounting to ₹ 3.02/-lakhs (PY ₹ 3.02/-lakhs) pending before EPF Appellate tribunal, Delhi.

Notes :1. Based on the favorable decisions in similar cases and discussions with the solicitors, the company does not expect any liability against these matters, hence no provision has been considered in the books of the accounts.

- 39 The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the final rules are yet to be framed. The Company will carry out an evaluation of the impact and record the same in the financial statements in the period in which the Code becomes effective and the related rules are published.
- 40 Consequent to the disruption caused due to COVID-19, the Company has made an assessment as at March 31, 2021 of recoverability of the carrying values of its assets such as property, plant and equipment, intangible assets having indefinite useful life, goodwill, inventory, trade receivables, and other current assets giving due consideration to the internal and external factors. Further, on account of continued spread of COVID-19 disease in the country, the Company has made timely and requisite changes in business model which has resulted in consistent growth across the product segments during the year. The Company is continuously monitoring the situation arising on account of COVID-19 and will make appropriate action required, if any.
- 41 Previous year's figure have been regrouped/ re-arranged, wherever considered necessary to make them comparable with corresponding period ending 31st March, 2021.

*The accompanying notes are an integral part of financial statements*

AS PER OUR REPORT OF EVEN DATE APPENDED TO THE BALANCE SHEET

For Gupta DK & Co.  
Chartered Accountants

(Firm Registration No. : 037049)

(Dinesh Kumar Gupta)

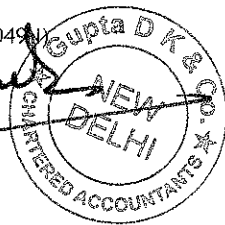
(Proprietor)

(M. No. 086824)

Place : New Delhi

Date : 21.06.2021

UDIN: 21086824AAAABM2439



For and on behalf of Board

*Lalit Seth*

Lalit Seth

Director

DIN-00312003

*Aditi Sharma*

Aditi Sharma

Company Secretary

M No. A39856

*Gautam Seth*

Gautam Seth

Director

DIN-00203405

*Neeraj Kumar*

Neeraj Kumar

Chief Financial Officer

M No. 508653

**Note-1**  
**COMPANY OVERVIEW**

Himachal Energy Private Limited ('the Company') is a private limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 having its registered office at Village Shavela, P.O. Jabli, Kasauli, Himachal Pradesh- 173209. The Company is engaged in the manufacturing of energy saving Meters. The Company's manufacturing facilities are located at Jabli in Himachal Pradesh.

The Financial statements were approved by the Board of Directors for issue in accordance with resolution passed on June 21, 2021.

**Note-2**  
**SIGNIFICANT ACCOUNTING POLICIES**

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**A) Basis of Preparation**

*i) Compliance with Ind AS*

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act)[Companies(Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

*ii) Historical cost convention*

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities that are measured at fair value.

**B) Property plant and equipment**

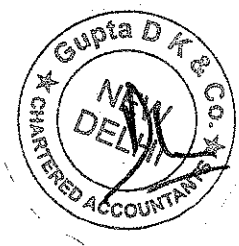
Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of CENVAT /GST/VAT credit availed wherever applicable. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

*Depreciation methods, estimated useful lives and residual value*

Depreciation on buildings, machinery and equipments has been provided on straight-line basis over the estimated useful lives of the respective assets. Intangibile assets are amortised over their estimated useful economic lives on straight line basis. Freehold land and work in progress are not depreciated. The estimated useful lives considered for providing depreciation on other substantial assets are as follows:

- Building- 25-30 years
- Plant & Machinery-15-25 years
- Computers-3-5 years
- Furniture & Fixtures-10-15 years
- Office Equipments-5-10 years
- Vehicles-8-10 years



The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### **C) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

#### *Research and development cost*

Research expenditure and development expenditure that do not meet the criteria as given in Ind AS-38 "Intangible Assets" are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

#### *Amortisation methods and periods*

The Company amortises intangible assets with a finite useful life using the straight-line method over their estimated useful life of 3-6 years.

The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the assets are disposed off.

### **D) Impairment of non-financial assets**

The carrying amounts of the assets are reviewed at each Balance sheet date for any indication of impairment based on internal/external factors. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Impairment losses including impairment on inventories are recognised in the Statement of Profit and Loss.

### **E) Financial Instruments**

#### **i) Financial Assets**

##### *A) Initial recognition and measurement*

All financial assets and liabilities are initially recognised at fair value. Transaction costs that are





directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

## **B) Subsequent measurement**

### **a) Financial assets carried at amortised cost**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **b) Financial assets carried at fair value through other comprehensive income (FVTOCI)**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### **c) Financial assets carried at fair value through profit or loss (FVTPL)**

A financial asset which is not classified in any of the above categories are measured at FVTPL.

## **C) Investment in subsidiaries**

The Company has accounted for its investments in subsidiary at cost.

## **D) Other Equity Investments**

All other equity investments are measured at fair value with changes in fair value recognised in statement of profit and loss except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income'.

## **E) Impairment of financial assets**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12 months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date; or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

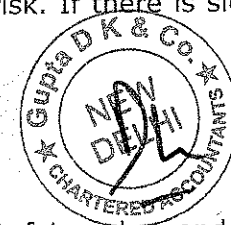
For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

## **ii) Financial Liabilities**

### **A) Initial recognition and measurement**

All financial liabilities are recognised at fair value and in case of loans net of directly attributable cost. Fees of recurring nature are directly recognised in the Statement of Profit



and Loss as finance cost.

#### *B) Subsequent measurement*

Financial liabilities are carried at amortised cost using the effective interest rate method (EIR). Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### **F) Income recognition**

#### **Interest income**

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

#### **Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

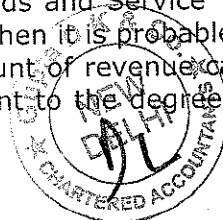
### **G) Inventories**

Raw materials and stores, work in progress, traded and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and traded goods comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of weighted average cost basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### **H) Revenue Recognition**

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. The impact of adoption of the standard on the financial statements of the Company is insignificant.

Revenue is recognised upon transfer of control of promised products or services to customer in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services, which is usually at the time of delivery of products or services to the customer. Revenue from sale of product is measured at fair value of consideration received /receivable, net of returns, trade allowances, rebates, value added taxes, Goods and Service Tax (GST) and amounts collected on behalf of third parties. Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the entity, amount of revenue can be measured reliably and entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.



Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

## **I) Employee Benefits**

### *(i) Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

### *(ii) Post-Employment Benefits*

**Defined Contribution Plan:** A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separately entity. The Company has defined contribution plans for the post-employment benefits namely provident fund scheme. The Company's contribution in the above plans is recognised as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service.

**Defined Benefit Plans:** The Company has defined benefit plan namely Gratuity for employees. The liability in respect of gratuity plans is calculated annually by independent actuary using the projected unit credit method. The Company recognises the following changes in the net defined benefit obligation under Employee benefits expense in statement of profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailment and non-routine-settlements
- Net Interest expense

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet. Remeasurements are not reclassified to profit or loss in subsequent periods. Termination benefits are recognized as an expense immediately.

## **J) Borrowing Cost**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

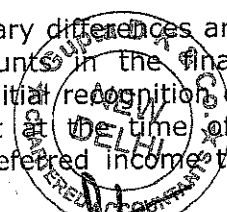
Other borrowing costs are expensed in the period in which they are incurred.

## **K) Income Tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is



determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

## **L) Lease**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **Company as a lessee**

The Company's lease asset classes primarily comprise of lease for land and building. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets as below:

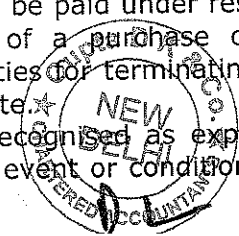
### **Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets (i.e. 30 and 60 years)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 'Impairment of nonfinancial assets'.

### **Lease Liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that



triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### **Short-term leases and leases of low-value assets**

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

#### **Company as a lessor**

Leases for which the Company is a lessor is classified as finance or operating lease. Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

### **M) Foreign Currency Transactions**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

### **N) Earnings Per Share**

#### *(i) Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

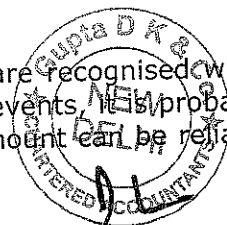
#### *(ii) Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, wherever applicable, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### **O) Provisions and Contingent liabilities**

Provisions for legal claims, service warranties, volume discounts and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably



estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but disclose its existence in the financial statements unless the probability of outflow of resource is remote.

#### **P) Government Grant**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

#### **Q) Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief operating decision maker (CODM). CODM monitors the operating results of all strategic business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

#### **R) Contributed equity**

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

#### **S) Dividends**

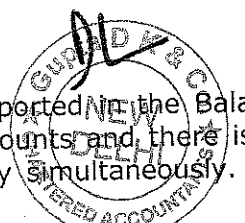
Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

#### **T) Cash and Cash Equivalents**

For the purpose of presentation in the Statement of Cash flows, Cash and Cash equivalents includes cash on hand, deposits held at call, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Balance Sheet.

#### **U) Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The



legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

#### **V) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

#### **W) Changes in significant accounting policies**

The Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2020 has notified amendments to certain Ind AS. The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after April 1, 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

##### **Amendments to Ind AS 1 and Ind AS 8 Definition of Material:**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Company.

##### **Amendments to Ind AS 103: Definition of a Business:**

The amendment to Ind AS 103 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

##### **Amendments to Ind AS 107 and Ind AS 109 Interest Rate Benchmark Reform:**

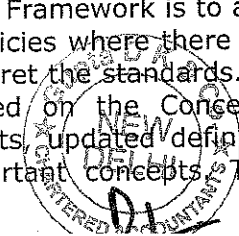
The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Company as it does not have any interest rate hedge relationships.

##### **Amendments to Ind AS 116 COVID-19 Related Rent Concessions:**

The amendments provide relief to lessees from applying Ind AS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under Ind AS 116, if the change were not a lease modification. The Company opted to apply the practical expedient and recognised income of `12.96 million (presented under "Other income") during the current year.

##### **Conceptual Framework for Financial Reporting:**

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These



amendments had no impact on the consolidated financial statements of the Company.

### **Amendments to CSR requirement**

The Ministry of Corporate Affairs (MCA) has amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 through a notification dated January 22, 2021. These amendments have introduced some significant changes that require better understanding to ensure compliance. The amendments, amongst others, mandatorily require utilisation of the unspent amount earmarked for CSR activities, failing which it would be transferred to a fund specified in Schedule VII of the Companies Act, 2013. Resultantly, the Company will have to make a provision towards unspent CSR spent, if any, at the end of the year, after deducting the provision created for the CSR activity completed, if applicable and as provided.

The amendments also permit a company which spends an amount in excess of the prescribed CSR amount of 2%, to set-off excess amount against the requirement to spend up to immediately succeeding three financial years subject to the fulfilment of certain conditions. As per the guidance issued by the ICAI, in case the Company, decides to adjust excess amount spent against future obligation, then an asset would have to be recognised to the extent of such excess amount spent.

### **X) Recent accounting pronouncements**

On March 24, 2021 the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### **Balance Sheet:**

- (a) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- (b) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- (c) Specified format for disclosure of shareholding of promoters.
- (d) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- (e) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- (f) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc

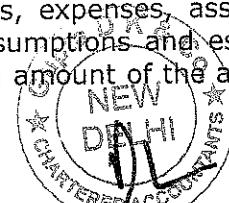
#### **Statement of profit and loss:**

- (a) Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

### **Y) Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.





## **Judgements, Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

### **a) Defined benefit plan-Gratuity**

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries. Further details about the assumptions used, including a sensitivity analysis, are given in Note 35.

### **b) Impairment of Financial assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### **c) Warranty provision**

Warranty Provisions are measured at discounted present value using pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability. Warranty provisions is determined based on the historical percentage of warranty expense to sales for the same types of goods for which the warranty is currently being determined. The same percentage to the sales is applied for the current accounting period to derive the warranty expense to be accrued. It is adjusted to account for unusual factors related to the goods that were sold, such as defective inventory lying at the depots. It is very unlikely that actual warranty claims will exactly match the historical warranty percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

### **d) Depreciation/amortisation and useful lives of property plant and equipment/intangible assets**

Property, plant and equipment / Intangible assets are depreciated /amortised over their estimated useful lives, after taking into account estimated residual values. Management reviews the estimated useful lives and residual values of the assets annually in order to determine the amount of depreciation / amortisation to be recorded during any reporting period. The useful lives and residual values are based on the Company's historical experience with similar assets and take into account anticipated technological changes. The depreciation/amortisation for future period is revised if there are significant changes from previous estimates.

### **e) Provisions**

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

